

CHECKLIST OF ISSUES ON ENFORCEMENT

Responses from South Africa

I. RESPONSES TO THE CHECKLIST

Civil and Administrative Procedures and Remedies

(a) *Civil judicial procedures and remedies*

1. Specify the courts which have jurisdiction over IPR infringement cases.

The relevant courts having jurisdiction over IPR infringement cases are:

- 1.1 the various provincial and local divisions of the High Court of South Africa (in cases of trademark, copyright and design infringement);
- 1.2 the Court of the Commissioner of Patents (in cases of patent infringement);
- 1.3 the local and regional Magistrates Courts of South Africa (seldom, if ever, used in civil IPR cases).

2. Which persons have standing to assert IPRs? How may they be represented? Are there requirements for mandatory personal appearances before the court by the right holder?

- 2.1 Generally, the proprietor or owner of the IPR has *locus standi* to assert IPRs. In certain instances, cessionaries, exclusive licensees and registered users have *locus standi*.
- 2.2 Parties may personally represent themselves in the High Court or may be represented by an attorney (having the right of appearance) or an advocate of the High Court of South Africa.
- 2.3 There is no requirement for mandatory personal appearance. If the right holder needs to give essential evidence in a trial action, a personal appearance in that sense is necessary.

3. What authority do the judicial authorities have to order, at the request of an opposing party, a party to a proceeding to produce evidence which lies within its control?

- 3.1 Discovery and production of documents and tape recordings in the High Court of South Africa, and in the Court of the Commissioner of Patents, is dealt with in Rule 35 of the Uniform Rules of Court (see Annex 1). Discovery will only be ordered after the institution of proceedings and generally only after the close of pleadings.

3.2 In special cases, (such as the "Anton Piller" situation), the court may order, on an *ex parte* basis, that certain evidence be taken into the possession of a sheriff for its preservation pending the institution of civil proceedings.

4. What means exist to identify and protect confidential information brought forward as evidence?

4.1 The protection of confidential information brought forward as evidence may be ordered by the High Court or the Court and the Commissioner of Patents in terms of their inherent powers.

4.2 The litigant wishing to protect such information may make application to the court (if agreement with the opposing party is not possible) for appropriate directions. Experience indicates that the courts are generally sympathetic to such approaches in appropriate circumstances.

4.3 Section 67 of the Patents Act, 1978, also contains certain provisions regarding non-disclosure of secret process (see Annex 2).

5. Describe the remedies that may be ordered by the judicial authorities and criteria, legislative or jurisprudential, for their use:

- **injunctions;**
- **damages, including recovery of profits, and expenses, including attorney's fees;**
- **destruction or other disposal of infringing goods and materials/implements for their production;**
- **any other remedies.**

In terms of the Patents Act, 1978 (as amended), the Trade Marks Act, 1993 (as amended), the Copyright Act, 1978 (as amended) and the Designs Act, 1993 (as amended), and the Rules governing procedure in the High Court and the Court of the Commissioner of Patents, various remedies may be ordered in proceedings instituted either by way of action or by way of application:

- injunctions (interdicts) : these can be awarded on an interim basis on application or finally (by way of application or action);
- damages: all the Acts aforesaid make provision for the award of damages (the normal basis being the actual patrimonial loss suffered) or, in lieu of damages, the payment of a reasonable royalty which would have been payable by a licensee for the use of the IPR concerned. The Copyright Act also contains provision for the award of punitive damages. These may only be recovered by way of action;
- attorneys fees and costs: these are invariably awarded, in terms of the Rules governing procedure the Courts, to the successful litigant on a scale prescribed by tariff. In certain cases, to express its displeasure at the manner in which a litigant has conducted itself, the Court may award punitive legal costs on a higher scale;
- the aforesaid Acts also make provision for delivery-up of infringing material/goods;

- none of the Acts referred to above exclusively sets out the remedies which may be awarded. The Courts have inherent power to grant other or alternative relief, depending upon the circumstances of each matter.

6. In what circumstances, if any, do judicial authorities have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods or services found to be infringing and of their channels of distribution?

South African judicial authorities are very hesitant to order persons to disclose, verbally or by way of a written statement, particular information (as opposed to making available, through discovery or in special *ex parte* situations, specific documents and evidence). Such a practice in civil proceedings is generally unconstitutional in terms of the Constitution of South Africa. In the criminal context, the Counterfeit Goods Act, 1997, contains certain provisions regarding disclosure of information by a defendant.

7. Describe provisions relating to the indemnification of defendants wrongfully enjoined. To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?

No specific indemnification provisions exist. However, if a defendant (including a public authority or official) is wrongfully sued or joined in civil proceedings in the Courts, it will be able to set the proceedings aside and will be awarded its legal costs (on the punitive scale if appropriate) and any damages which it might have suffered as a result. Furthermore, in certain instances, the Court may require a plaintiff to furnish security for costs and/or damages.

8. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

8.1 No specific legal provisions exist governing the length or cost of legal proceedings. The Rules of Court set out clear time limits for the various stages of civil proceedings. Extensions may be agreed to, *inter partes*, or the Court might grant extensions or condone late service in appropriate circumstances which will lengthen the duration of the proceedings.

8.2 The essential time periods are set out in Rule 6 of the Uniform Rules of Court (for applications) and Rules 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 of the Rules for actions (see Annex 3). No statistical data is available on the actual duration of proceedings or their cost.

(b) *Administrative procedures and remedies*

9. Reply to the above questions in relation to any administrative procedures on the merits and remedies that may result from these procedures.

No specific administrative procedures on the merits are available in IPR situations in South Africa.

Provisional Measures

(a) *Judicial measures*

10. Describe the types of provisional measures that judicial authorities may order, and the legal basis for such authority.

Provisional measures include the following:

- 10.1 the granting of urgent, interim, injunctive relief in cases of IPR infringement where urgency exists. The authority to grant such relief stems from the inherent powers of the High Court and the Court of the Commissioner of Patents;
- 10.2 the search for and attachment of evidence, pending institution of civil proceedings, to preserve such evidence relating to infringement of IPR. This may be granted on an *ex parte* basis as provided for by Section 11 of the Counterfeit Goods Act, 1997 (see Annex 4). Similarly, in terms of the common law and the inherent powers and jurisdiction of the Courts, similar relief may be granted;
- 10.3 discovery of documents and tape recording before the close of pleadings on good cause shown with the leave of the Court.

11. In what circumstances may such measures be ordered *inaudita altera parte*?

The circumstances as set out in Section 11(3) of the Counterfeit Goods Act, 1997 referred to above.

12. Describe the main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time-limits and safeguards to protect the legitimate interests of the defendant.

- 12.1 In the case of interim injunctive relief, the procedure is an urgent or ordinary application to Court, supported by affidavit evidence, which is served on the Respondent. In the case of the "Anton Piller" type relief, application is also made to Court, without service on the Respondent.
- 12.2 Provided the court is satisfied that the matter is urgent and that the "balance of convenience" favours the applicant, urgent interim relief will be ordered.
- 12.3 No particular time limits are prescribed for urgent matters, the Courts' willingness or otherwise to grant urgent relief depending on the level of urgency involved.
- 12.4 The maintenance in force of provisional measures will be ensured by the Court as breach of any order will be regarded as criminal contempt of court and can result in imprisonment.
- 12.5 Safeguards to protect the legitimate interests of the defendant in such situations include the generally applied requirement that an applicant for such relief furnish security for costs and/or damages. Furthermore, in the case of proceedings in terms of Section 11 of the Counterfeit Goods Act, 1997 (and the equivalent common law proceedings) a defendant (respondent) is entitled to anticipate the return day of any order granted by the Court on 24 hours notice to have the order set aside.

- 13. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.**

See answer to question 8 above.

(b) *Administrative measures*

- 14. Reply to the above questions in relation to any administrative provisional measures.**

No administrative provisional measures exist.

Special Requirements Related to Border Measures

- 15. Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available also in respect of goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods as defined in the TRIPS Agreement (footnote to Article 51). Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member of a customs union, goods in transit or *de minimis* imports). Do the procedures apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation?**

Goods which are infringing copies in terms of a registered trademark or copyright can be suspended by the customs authorities. Apart from goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods, it is possible to apply to the Commissioner of Customs and Excise for the confiscation of goods which embody a mark, the making or application to goods of which has been declared prohibited in terms of section 15 of the Merchandise Marks Act, 17, 1941. This section provides for the prohibition of the use and/or application to goods of a mark which has been declared prohibited by the Minister of Trade and Industry following an application by the proprietor of such mark.

There is no specific prohibition or exclusion in respect of goods emanating from another member of a customs union or goods in transit or *de minimis* imports.

In respect of goods which embody works of copyright, it is possible that such goods although placed on the market in another country by or with the consent of the right holder, may be subject to confiscation where such right holder has ceded his copyright to the goods or the packaging thereof to a South African company licensee/distributor. In other words, so-called grey goods may in certain circumstances be suspended by the customs authorities. Our Copyright Act provides a mechanism whereby a local licensee or distributor could take cession of the copyright in a work/goods which embody copyright, and thereby prohibit the importation into South Africa of such goods, even though emanating from the true manufacturer thereof. The legal question in such instances is whether the manufacture of these goods in South Africa would have constituted an infringement of the copyright therein.

The border provisions are specifically designed to curb the importation into South Africa of counterfeit goods, however these provisions are equally applicable in respect of exports in the sense that if same are located they could be confiscated as well.

- 16. Provide a description of the main elements of the procedures relating to the suspension of the release of goods by customs authorities, in particular the competent authorities (Article 51), the requirements for an application (Article 52) and various requirements**

related to the duration of suspension (Article 55). How have Articles 53 (security or equivalent assurance), 56 (indemnification of the importer and of the owner of the goods) and 57 (right of inspection and information) been implemented?

The procedure described below relates to the provisions of the Counterfeit Goods Act. The responsibility of the border enforcement of intellectual property rights is borne by the Commissioner of Customs and Excise. An applicant needs to supply the Commissioner of Customs and Excise with either a specimen of the protected goods bearing the intellectual property rights sought to be protected or sufficient information from which the essential physical and other distinctive features may be ascertained; sufficient information and particulars as to the subsistence and extent of the intellectual property right as well as the title to the right in question. However the Commissioner may only confiscate such goods for a period not extending beyond the last day of the period for which the intellectual property right in question subsists. The Commissioner is not obliged to confiscate offending goods unless he is furnished with the necessary security in a manner and amount he may require to indemnify the customs authorities and their members against any liability that may be incurred pursuant to the seizure and detention of goods.

No specific indemnification is conferred upon the importer and owner of goods which have been suspended. However, where such suspension takes place at the instigation of a complainant any person suffering injury or prejudice because of the suspension of goods alleged to be counterfeit goods, or any action taken by an inspector in effecting this seizure is entitled to claim compensation from the complainant. Compensation may only be claimed from the Commissioner if he or his officials have been grossly negligent in the seizure of the goods or in their detention or storage, or where such person acted in bad faith in performing his duties.

The complainant is entitled to a copy of any statement taken down or any other document for evidence procured by a customs inspector in the exercise of his powers of search, seizure and detention. A complainant or suspect is entitled to inspect any goods seized by the Commissioner.

Further information in regard to the provisions of the new Counterfeit Goods Act can be obtained from the text of an article by a South African intellectual property lawyer, shortly to be published in a South African legal journal (see Annex 5).

17. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost. How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?

In terms of the Counterfeit Goods Act, an application for the seizure of offending goods by an Inspector/Commissioner is a simple and short administrative procedure. The Counterfeit Goods Act only came into effect on 1 January 1998 and there is accordingly no data that is available which would provide an indication of the actual duration and cost of such proceedings. However given the fact that the entire procedure is essentially an administrative and simple one, it is not anticipated that the costs would be substantial.

Seized goods have to be returned to a suspect if criminal charges are not laid by the complainant or civil proceedings not instituted by a complainant within three (3) days of being notified of such seizure. If the criminal charge is laid, the goods will be returned to the suspect if the state does not inform the suspect by written notice of its intention to institute a criminal prosecution against him for having committed an offence of dealing in counterfeit goods, within ten (10) days of notice of seizure of goods from the inspector.

18. Are competent authorities required to act upon their own initiative and, if so, in what circumstances? Are there any special provisions applicable to *ex officio* action?

The Commissioner is empowered to act on his own initiative in relation to any act or conduct believed or suspected to be an act of dealing in counterfeit goods.

When the Commissioner or one of his officials has acted on his own initiative, he must, however, procure a complainant who has some interest in the goods, failing which the goods must be released.

19. Describe the remedies that the competent authorities have the authority to order and any criteria regulating their use.

An inspector has the authority to enter upon any premises, search for and confiscate any counterfeit goods. Before exercising such powers, the inspector has to satisfy himself that the complainant or person laying the charge is *prima facie* entitled to do so, and that the goods claimed to be "protected goods" are *prima facie* protected goods and that the intellectual property rights the subject of which is alleged to have been applied to the offending goods, *prima facie* subsists; and that the suspicion on which the complaint is based appears to be reasonable in the circumstances.

Criminal Procedures

20. Specify the courts which have jurisdiction over criminal acts of infringement of IPRs.

The lower/Magistrate courts and the High Court have jurisdiction in respect of criminal acts involving infringement of intellectual property rights.

21. In respect of which infringements of which intellectual property rights are criminal procedures and penalties available?

Criminal procedures and penalties are available in the case of copyright infringement. Section 27 of the Copyright Act reads as follows:

- "27. (1) Any person who at a time when copyright subsists in a work, without the authority of the owner of the copyright:
- (a) makes for sale or hire;
 - (b) sells or lets for hire or by way of trade offers or exposes for sale or hire;
 - (c) by way of trade exhibits in public;
 - (d) imports into the Republic otherwise than for his private or domestic use;
 - (e) distributes for purposes of trade; or
 - (f) distributes for any other purposes to such an extent that the owner of the copyright is prejudicially affected,
- articles which he knows to be infringed copies of the work, shall be guilty of an offence.
- (2) Any person who at a time when copyright subsists in a work makes or has in his possession a plate knowing that it is to be used for making infringing copies of the work, shall be guilty of an offence.

- (3) Any person who causes a literary or musical work to be performed in public knowing that copyright subsists in the work and that performance constitutes an infringement of the copyright, shall be guilty of an offence.
- (4) Any person who causes a broadcast to be rebroadcast or transmitted in a diffusion service knowing that copyright subsists in the broadcast and that such broadcast or transmission constitutes an infringement of the copyright, shall be guilty of an offence.
- (5) Any person who causes programme-carrying signals to be distributed by a distributor for whom they were not intended knowing that copyright subsists in the signals and that such distribution constitutes an infringement of the copyright, shall be guilty of an offence.
- (6) A person convicted of an offence under this section shall be liable:
 - (a) in the case of a first conviction, to a fine not exceeding five thousand rand or to imprisonment for a period not exceeding three years or to both such fine and such imprisonment, for each article to which the offence relates;
 - (b) in any other case, to a fine not exceeding ten thousand rand or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment, for each article to which the offence relates."

22. Which public authorities are responsible for initiating criminal proceedings? Are they required to do this on their own initiative and/or in response to complaints?

Any inspector, i.e. any person so appointed in terms of the Counterfeit Goods Act; a police official; Commissioner of Customs and Excise may initiate criminal proceedings. Any of these officers may act on their own initiative as well as in response to a complaint from a person entitled to lay such a complaint.

However, where an officer has acted of his own initiative, he must procure a complainant otherwise the goods must be released.

23. Do private persons have standing to initiate criminal proceedings and, if so, who?

In terms of the Counterfeit Goods Act, private persons do have standing to initiate criminal proceedings. The Act grants such right to any person having an interest in the protected goods, either as an owner/licensee of the intellectual property rights; importer; exporter/distributor and any authorised agent or attorney of such person.

24. Specify, by category of IPR and type of infringement where necessary, the penalties and other remedies that may be imposed:

- **imprisonment;**
- **monetary fines;**

- **seizure, forfeiture and destruction of infringing goods and materials and implements for their production;**
- **other.**

Conviction on a charge of criminal copyright infringement can lead to the imposition of both imprisonment and monetary fines. In the case of a first offence, the Copyright Act imposes a maximum prison sentence of three years or a penalty of R 5000.00, or both for each infringing article; in the case of a subsequent conviction these maxima are increased to five years imprisonment and R 10 000.00 per infringing article.

25. Describe provisions governing the length and any cost of proceedings. Provide any available data on the actual duration of proceedings and their cost, if any.

It is difficult to provide an indication of the length and cost of criminal proceedings. However in the light of the fact that the criminal proceedings are conducted by the State, i.e. the prosecution and the investigation thereof, there should be minimal cost to the intellectual property owner beyond the simple lodging of a complaint and any attendance at court that may be necessary. The practice of accepting admission of guilt fines is also a means of curtailing any criminal proceedings that may ensue. As indicated above, our Counterfeit Goods Act only came into effect on 1 January 1998 and there is accordingly no available data on which to base an opinion regarding the actual duration of such proceedings and their cost. It is not believed, however, that such proceedings will be unduly protracted and costly.

ANNEX 1

(3) Any person desiring to obtain leave to effect service outside the Republic of any document, other than one whereby proceedings are instituted, may either make application for such leave in terms of sub-rule (2) or request such leave at any hearing at which the court is dealing with the matter, in which latter event no papers need be filed in support of such request, and the court may act upon such information as may be given from the bar or given in such other manner as it may require, and may make such order as to it seems meet.

ANNEX 2

Presumptions in relation to new substances

67. (1) A claim in respect of a patent for a process or an apparatus for producing any product shall be construed as extending to such product when produced by the process or apparatus claimed.
- (2) If the invention for which a patent is granted is a process for obtaining a new product, the same product produced by a person other than the proprietor of the patent or a licensee under that patent shall, unless the contrary is proved, be deemed, in any proceedings, to have been obtained by that process.
- (3) In considering whether any person has discharged the onus imposed upon him by subsection (2), the commissioner shall not require him to disclose any secret process used by him in producing the product concerned, if it appears to the commissioner that it would be unreasonable to do so.

ANNEX 3

17. (1) Every person making a claim against any other person may, through the office of the registrar, sue out a summons or a combined summons addressed to the sheriff directing him to inform the defendant *inter alia* that, if he disputes the claim, and wishes to defend he shall:
- (a) within the time stated therein, give notice of his intention to defend;
 - (b) thereafter, if the summons is a combined summons, within 20 days after giving such notice, deliver a plea (with or without a claim in re-convention), an exception or an application to strike out.

Sub-rule (1) amended by GN R1843 of 1993.

- (2) (a) In every case where the claim is not for a debt or liquidated demand the summons shall be as near as may be in accordance with form 10 of the First Schedule, to which summons shall be annexed a statement of the material facts relied upon by the plaintiff in support of his claim, which statement shall *inter alia* comply with rule 18.
- (b) In every case where the claim is for a debt or liquidated demand the summons shall be as near as may be in accordance with Form 9 of the First Schedule.

Sub-rule (2) substituted by GN R1843 of 1993.

- (3) Every summons shall be signed by the attorney acting for the plaintiff and shall bear an attorney's address, within eight kilometres of the office of the Registrar, or, if no attorney is acting, it shall be signed by the plaintiff, who shall in addition append an address within eight kilometres of the office of Registrar at which he will accept service of all subsequent documents in the suit; and shall thereafter be signed and issued by the Registrar and made returnable by the Sheriff to the court through the Registrar.

Sub-rule (3) amended by GN R960 of 1994.

- (4) Every summons shall set forth:
- (a) the name (including where possible the first name or initials) by which the defendant is known to the plaintiff, his residence or place of business and, where known, his occupation and, if he is sued in any representative capacity, such capacity. The summons shall also state the defendant's sex and, if a female, her marital status;
 - (b) the full names, sex and occupation and the residence or place of business of the plaintiff, and where he sues in a representative capacity, such capacity. If the plaintiff is a female the summons shall state her marital status.

NOTICE OF INTENTION TO DEFEND

19. (1) Subject to the provisions of section 27 of the Act, the defendant in every civil action shall be allowed 10 days after service of summons on him within which to deliver a notice of intention to defend, either personally or through his attorney; Provided that the days between 16 December and 15 January, both inclusive, shall not be counted in the time allowed within which to deliver a notice of intention to defend.
- (2) In an action against any Minister, Deputy Minister, Administrator, officer or servant of the State, in his official capacity, the State or the administration of a province, the time allowed for delivery of notice of intention to defend shall not be less than 20 days after service of summons, unless the court has specially authorised a shorter period.

Sub-rule (2) substituted by GN R608 of 1989 and by GN R2410 of 1991.

- (3) When a defendant delivers notice of intention to defend, he shall therein give his full residential or business address, and shall also appoint an address, not being a post office box or poste restante, within 8 kilometres of the office of the registrar, for the service on him thereat of all documents in such action, and service thereof at the address so given shall be valid and effectual, except where by any order or practice of the court personal service is required.

Sub-rule (3) amended by GN R960 of 1994.

- (4) A party shall not by reason of his delivery of notice of intention to defend be deemed to have waived any right to object to the jurisdiction of the court or to any irregularity or impropriety in the proceedings.
- (5) Notwithstanding the provisions of sub-rules (1) and (2) a notice of intention to defend may be delivered even after expiration of the period specified in the summons or the period specified in sub-rule (2), before default judgement has been granted: Provided that, the plaintiff shall be entitled to costs if the notice of intention to defend was delivered after the plaintiff had lodged the application for judgement by default.

DECLARATION

20. (1) In all actions in which the plaintiff's claim is for a debt or liquidated demand and the defendant has delivered notice of intention to defend, the plaintiff shall, except in the case of a combined summons, within 15 days of his receipt thereof, deliver a declaration.
- (2) The declaration shall set forth the nature of the claim, the conclusions of law which the plaintiff shall be entitled to deduce from the facts stated therein, and a prayer for the relief claimed.
- (3) Where the plaintiff seeks relief in respect of several distinct claims founded upon separate and distinct facts, such claims and facts shall be separately and distinctly stated.

FURTHER PARTICULARS

21. (1) Subject to the provisions of sub-rules (2) to (4) further particulars shall not be requested.
- (2) After the close of pleadings any party may, no less than 20 days before trial, deliver a notice requesting only such further particulars as are strictly necessary to enable him to prepare for trial. Such request shall be complied with within 10 days of receipt thereof.
- (3) The request for further particulars for trial and the reply thereto shall, save where the party is litigating in person, be signed by both an advocate and an attorney or, in the case of an attorney who, under section 4(2) of the Rights of Appearance in Courts Act, 1995 (Act No. 62 of 1995, has the right of appearance in the Supreme Court, only by such attorney.

Sub-rule (3) amended by GN R873 of 1996.

- (4) If the party requested to furnish any particulars as aforesaid fails to deliver them timeously or sufficiently, the party requesting the same may apply to court for an order for their delivery or for the dismissal of the action or the striking out of the defence, whereupon the court may make such order as to it seems meet.
- (5) The court shall at the conclusion of the trial *mero motu* consider whether the further particulars were strictly necessary, and shall disallow all costs of and flowing from any unnecessary request or reply, or both, and may order either party to pay the costs thereby wasted, on an attorney and client basis or otherwise.

PLEA

22. (1) Where a defendant has delivered notice of intention to defend, he shall within 20 days after the service upon him of a declaration or within 20 days after delivery of such notice in respect of a combined summons, deliver a plea with or without a claim in reconvention, or an exception with or without application to strike out.
- (2) The defendant shall in his plea either admit or deny or confess and avoid all the material facts alleged in the combined summons or declaration or state which of the said facts are not admitted and to what extent, and shall clearly and concisely state all material facts upon which he relies.
- (3) Every allegation of fact in the combined summons or declaration which is not stated in the plea to be denied or to be not admitted, shall be deemed to be admitted. If any explanation or qualification of any denial is necessary, it shall be stated in the plea.
- (4) If by reason of any claim in reconvention, the defendant claims that on the giving of judgement on such claim, the plaintiff's claim will be extinguished either in whole or in part, the defendant may in his plea refer to the fact of such claim in reconvention and request that judgement in respect of the claim or any portion thereof which would be extinguished by such claim in reconvention, be postponed until judgement on the claim in reconvention. Judgement on the claim shall, either in whole or in part, thereupon be so postponed unless the court, upon the application of any person interested, otherwise orders, but the court. if no other defence has been raised, may

give judgement for such part of the claim as would not be extinguished, as if the defendant were in default of filing a plea in respect thereof, or may, on the application of either party, make such order as to it seems meet.

- (5) If the defendant fails to comply with any of the provisions of sub-rules (2) and (3), such plea shall be deemed to be an irregular step and the other party shall be entitled to act in accordance with rule 30.

EXCEPTIONS AND APPLICATIONS TO STRIKE OUT

23. (1) Where any pleading is vague and embarrassing or lacks averments which are necessary to sustain an action or defence, as the case may be, the opposing party may, within the period allowed for filing any subsequent pleading, deliver an exception thereto and may set it down for hearing in terms of paragraph (f) of sub-rule (5) of rule 6: Provided that where a party intends to take an exception that a pleading is vague and embarrassing he shall within the period allowed as aforesaid by notice afford his opponent an opportunity of removing the cause of complaint within 15 days: Provided further that the party excepting shall within 10 days from the date on which a reply to such notice is received or from the date on which such reply is due, deliver his exception.

Sub-rule (1) amended by GN R1262 of 1991.

- (2) Where any pleading contains averments which are scandalous, vexatious, or irrelevant, the opposite party may, within the period allowed for filing any subsequent pleading, apply for the striking out of the matter aforesaid, and may set such application down for hearing in terms of paragraph (f) of sub-rule (5) of rule 6, but the court shall not grant the same unless it is satisfied that the applicant will be prejudiced in the conduct of his claim or defence if it be not granted.
- (3) Wherever an exception is taken to any pleading the grounds upon which the exception is founded shall be clearly and concisely stated.
- (4) Wherever any exception is taken to any pleading or an application to strike out is made, no plea, replication or other pleading over shall be necessary.

CLAIM IN RECONVENTION

24. (1) A defendant who counterclaims shall, together with his plea, deliver a claim in reconvention setting out the material facts thereof in accordance with rules 18 and 20 unless the plaintiff agrees, or if he refuses, the court allows it to be delivered at a later stage. The claim in reconvention shall be set out either in a separate document or in a portion of the document containing the plea, but headed "Claim in Reconvention". It shall be unnecessary to repeat therein the names or descriptions of the parties to the proceedings in convention.
- (2) If the defendant is entitled to take action against any other person and the plaintiff, whether jointly and severally, separately or in the alternative, he may with the leave of the court proceed in such action by way of a claim in reconvention against the plaintiff and such other persons, in such manner and on such terms as the court may direct.

- (3) A defendant who has been given leave to counterclaim as aforesaid, shall add to the title of his plea a further title corresponding with what would be the title of any action instituted against the parties against whom he makes claim in reconvencion, and all further pleadings in the action shall bear such title, subject to the proviso to sub-rule (2) of rule 18.
- (4) A defendant may counterclaim conditionally upon the claim or defence in convention failing.
- (5) If the defendant fails to comply with any of the provisions of this rule, the claim in reconvencion shall be deemed to be an irregular step and the other party shall be entitled to act in accordance with rule 30.

REPLICATION AND PLEA IN RECONVENTION

25. (1) Within 15 days after the service upon him of a plea and subject to sub-rule (2) hereof, the plaintiff shall where necessary deliver a replication to the plea and a plea to any claim in reconvencion, which plea shall comply with rule 22.
- (2) No replication or subsequent pleading which would be a mere joinder of issue or bare denial of allegations in the previous pleading shall be necessary, and issue shall be deemed to be joined and pleadings closed in terms of paragraph (b) or rule 29.
- (3) Where a replication or subsequent pleading is necessary, a party may therein join issue on the allegations in the previous pleading. To such extent as he has not dealt specifically with the allegations in the plea or such other pleadings, such joinder of issue shall operate as a denial of every material allegation of fact in the pleading upon which issue is joined.
- (4) A plaintiff in reconvencion may, subject to the provisions *mutatis mutandis* of sub-rule (2) hereof, within 10 days after the delivery of the plea in reconvencion deliver a replication in reconvencion.
- (5) Further pleadings may, subject to the provisions *mutatis mutandis* of sub-rule (2), be delivered by the respective parties within 10 days after the previous pleading delivered by the opposite party. Such pleadings shall be designated by the names by which they are customarily known.

FAILURE TO DELIVER PLEADINGS - BARRING

26. Any party who fails to deliver a replication or subsequent pleading within the time stated in rule 25 shall be *ipso facto* barred. If any party fails to deliver any other pleading within the time laid down in these rules or within any extended time allowed in terms thereof, any other party may by notice served upon him require him to deliver such pleading within 5 days after the day upon which the notice is delivered. Any party failing to deliver the pleading referred to in the notice within the time therein required or within such further period as may be agreed between the parties shall be in default of filing such pleading and *ipso facto* barred: Provided that for the purposes of this rule the days between 16 December and 15 January, both inclusive, shall not be counted in the time allowed for the delivery of any pleading.

EXTENSION OF TIME AND REMOVAL OF BAR AND CONDONATION

27. (1) In the absence of agreement between the parties, the court may upon application on notice and on good cause shown, make an order extending or abridging any time prescribed by these rules or by an order of court or fixed by an order extending or abridging any time for doing any act or taking any step in connection with any proceeding of any nature whatsoever upon such terms as to it seems meet.
- (2) Any such extension may be ordered although the application therefore is not made until after the expiry of the time prescribed or fixed and the court ordering any such extension may make such order as to the recalling, varying or cancelling or the results of the expiry of any time so prescribed or fixed, whether such flow from the terms of any order or from these rules.
- (3) The court, may on good cause shown, condone any non-compliance with these rules.
- (4) After a rule *nisi* has been discharged by default of appearance by the applicant, the court or a judge may revive the rule and direct that the rule so revived need not be served again.

AMENDMENTS TO PLEADINGS AND DOCUMENTS

28. (1) Any party designed to amend a pleading or document other than a sworn statement, filed in connection with any proceedings, shall notify all other parties of his intention to amend and shall furnish particulars of the amendment.
- (2) The notice referred to in sub-rule (1) shall state that unless written objection to the proposed amendment is delivered within ten days of delivery of the notice, the amendment will be effected.
- (3) An objection to a proposed amendment shall clearly and concisely state the grounds upon which the objection is founded.
- (4) If an objection which complies with sub-rule (3) is delivered within the period referred to in sub-rule (2), the party wishing to amend may, within 10 days, lodge an application for leave to amend.
- (5) If no objection is delivered as contemplated in sub-rule (4), every party who received notice of the proposed amendment shall be deemed to have consented to the amendment and the party who gave notice of the proposed amendment may, within ten days after the expiration of the period mentioned in sub-rule (2), effect the amendment as contemplated in sub-rule (7).
- (6) Unless the court otherwise directs, an amendment authorized by an order of the court may not be effected later than ten days after such authorization.
- (7) Unless the court otherwise directs, a party who is entitled to amend shall effect the amendment by delivering each relevant page in its amended form.
- (8) Any party affected by an amendment may, within 15 days after the amendment has been effected or within such other period as the court may determine, make any

consequential adjustment to the documents filed by him, and may also take the steps contemplated in rules 23 and 30.

- (9) A party giving notice of amendment in terms of sub-rule (1) shall, unless the court otherwise directs, be liable for the costs thereby occasioned to any other party.
- (10) The court may, notwithstanding anything to the contrary in this rule, at any stage before judgement grant leave to amend any pleading or document on such other terms as to costs or other matters as it deems fit.

Rule 28 substituted by GN R181 of 1994.

CLOSE OF PLEADINGS

29. Pleadings shall be considered closed:
- (a) If either party has joined issue without alleging any new matter, and without adding any further pleading;
 - (b) if the last day allowed for filing a replication or subsequent pleading has elapsed and it has not been filed;
 - (c) if the parties agree in writing that the pleadings are closed and such agreement is filed with the registrar; or
 - (d) if the parties are unable to agree as to the close of pleadings, and the court upon the application of a party declares them closed.

ANNEX 4

Court may authorize search and attachment pending institution of civil proceedings, to preserve evidence relevant to infringement of intellectual property rights, etc.

11. (1) The owner of an intellectual property right who is aware or has reasonable grounds to believe that an act of dealing in counterfeit goods has taken or is taking place or is likely to take place, may, without prejudice to any other remedy that he or she may have in law, apply *ex parte* to a judge in chambers for an order:
 - (a) directing the sheriff or another person designated by the court (hereafter referred to as a designated person) to enter upon or enter any specified place or premises accompanied by such other persons as the court may specify (if any) and there to search for, and, if found, seize and remove, such documents, records or other material as the court may specify and any such goods, alleged to be counterfeit goods, as may be so specified (hereafter referred to as subject goods), that are at, on or in such place or premises, and to attach such documents, records, material and goods;
 - (b) directing the respondent to point out to the sheriff or designated person all subject goods and to disclose and make available to him or her all documents and material that are relevant in order to determine whether the subject goods in question are counterfeit goods or are relevant to any transactions or dealings in counterfeit goods at, on or in the relevant place or premises or elsewhere, and to permit the sheriff or designated person to attach such subject goods, as well as such documents and material (hereafter jointly referred to as ancillary materials) and remove them for detention in safe custody;
 - (c) restraining the respondent from:
 - (i) interfering with the state of the subject goods or ancillary materials during the search, seizure, attachment or removal;
 - (ii) carrying out or continuing with the act of dealing in counterfeit goods that gave rise to the application;
 - (d) granting such further or alternative relief as the court considers appropriate.
- (2) An application in terms of subsection (1) will be heard *in camera* unless the court is satisfied that the attendance of the proceedings by members of the public or any class or group of such members will not cause the applicant to suffer any prejudice or to be prejudiced when seeking to protect or enforce his or her relevant intellectual property right, and that such attendance, should the court order the relief sought, will not impair or detract from the efficacy of the order or the execution thereof.
- (3) The court will not grant an application brought in terms of subsection (1) unless it considers that the applicant has a *prima facie* claim against the respondent for the infringement of an intellectual property right and that:
 - (a) the applicant's right to discovery of documents in any proceedings to be instituted by him or her is likely to be frustrated, either by reason of the

nature of the suspected counterfeit goods in relation to which the application is made or due to other circumstances; or

- (b) should the normal court procedure be followed or implemented, the goods relevant to the issues in those proceedings, or evidence in connection with transaction or dealings with the latter goods, are likely to be destroyed or to be so altered or placed or be otherwise disposed of in such manner as to effectively preclude the applicant from having access to the relevant goods.
- (4) A court hearing an application so brought, may order that the relief applied for be granted, subject to the terms and conditions specified in the order, or that relief be refused, or may make any other order that it deems just and appropriate in the circumstances.
- (5) For the purposes of subsection (4), the court may:
- (a) order that the sheriff or designated person may rely upon the assistance of knowledgeable persons, specified in the order, in identifying the subject goods and ancillary materials;
 - (b) order the applicant to furnish security to the respondent in an appropriate amount equal to a specified percentage of the value of the goods attached;
 - (c) issue an order restraining the respondent *pendente lite* from infringing the applicant's intellectual property right;
 - (d) issue a rule *nisi* calling upon the respondent to show cause before or on a specified day (which must fall on a date within 20 court days of the granting of the rule *nisi*) why an interdict restraining the respondent from infringing the applicant's intellectual property right and any order granting the applicant further relief, including an order directing the delivery of the subject goods up to the applicant, should not be granted or confirmed;
 - (e) order that the applicant, should he or she wish to institute proceedings against the respondent for the infringement of the applicant's intellectual property right, must do so not later than the date specified in the order.
- (6) If the court has not made an order in terms of subsection (5)(e), an applicant who wishes to institute the proceedings contemplated in that subsection must do so within 20 court days of the date of the order made in terms of subsection (4) and whereby his or her application was granted.

ANNEX 5

COUNTERFEIT GOODS ACT

INTRODUCTION

The Counterfeit Goods Act, No. 37 of 1997, is a measure intended to enable owners of certain forms of intellectual property, including copyright, to take action against the counterfeiting of their products, i.e. the cloning or impersonation of their products, and to provide for streamlined and effective enforcement measures in achieving this end. It is also designed to bring South Africa into compliance with certain of the provisions of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) to which South Africa is a party.¹ It is in many respects complementary to the Copyright Act in particular to the criminal provisions of that Act and to those provisions dealing with the seizure of goods by the customs authorities.

The enactment of the Counterfeit Goods Act has gone hand in hand with substantive amendments made to the Merchandise Marks Act, 1941 (Act No 17 of 1941), the legislation which has in the main, together with the Copyright Act, been the weapon used in the past to deal with the problem of counterfeit goods. The amendments to the Merchandise Marks Act have been made in the Intellectual Property Laws Amendment Act, No. 38 of 1997, more particularly in Sections 1 to 18. All provisions of the Merchandise Marks Act dealing with essentially counterfeiting of goods have been stripped out of that Act. They now find the counterparts in the Counterfeit Goods Act. It has become the manual for dealing with the problem of counterfeit goods. The Counterfeit Goods Act and the Intellectual Property Laws Amendment Act were promulgated on 1 October 1997. The Counterfeit Goods Act and the relevant sections of the Intellectual Property Laws Amendment Act amending the Merchandise Marks Act come into operation on a date proclaimed in the Government Gazette.

DEALING IN COUNTERFEIT GOODS

Section 2 creates an offence called "dealing in counterfeit goods". The term "counterfeit goods" is defined in Section 1 to mean goods that are the result of counterfeiting and includes any means used for purposes of counterfeiting. The goods protected against counterfeiting by the Act ("protected goods") are goods featuring, bearing, embodying or incorporating the subject of an intellectual property right, or to which such subject matter has been applied, by or with the authority of the owner of that intellectual property right, and goods which may legitimately embody or incorporate, or have applied to them, the subject matter of an intellectual property right only by or with the authority of the owner of that right.²

The term "intellectual property right", to which reference is made above, means the rights in respect of a trademark conferred by the Trade Marks Act, 1993, the copyright in any work in terms of the Copyright Act, 1978, or an exclusive right of use in relation to goods conferred by a notice

¹The TRIPS Agreement constitutes Annex 1C of the Marrakesh Agreement establishing the World Trade Organization (generally known as the "WTO Agreement") which was concluded on 15 April 1994 and entered into force on 1 January 1995. This suite of agreements arose out of the Uruguay Round of the General Agreement on Trades and Tariffs (GATT).

²Section 1 definition of "protected goods".

published in terms of Section 15 of the Merchandise Marks Act.³ This meaning of the term "intellectual property" is narrower than the normal meaning given to the term. Intellectual property" normally embraces in addition patents and designs. For the purposes of the Act, however, these two forms of intellectual property are not in contention.

"Counterfeiting" is defined in Section 1 to mean:

- (a) without the authority of the owner of any intellectual property right subsisting in the Republic in respect of protected goods, manufacturing, producing or making, whether in the Republic or elsewhere, any goods whereby those protected goods are imitated in such manner and to such a degree that the derivative goods are substantially identical copies of the protected goods;
- (b) without the authority of the owner of any intellectual property right subsisting in the Republic in respect of protected goods, manufacturing, producing or making, or applying to⁴ goods, whether in the Republic or elsewhere, the subject matter of that intellectual property right, or a colourable imitation thereof, so that the other goods are calculated to be confused with or to be taken as being goods manufactured, produced or made by the said owner or under his licence; or
- (c) where, by a notice under section 15 of the Merchandise Marks Act, 1941, the use of a particular mark in relation to goods, besides by a person specified in the notice, has been prohibited, without the authority of the specified person, making or applying that mark to goods, whether in the Republic or elsewhere.

if such act constituted an infringement of the intellectual property right in question.

In essence, therefore, counterfeit goods are imitations of goods embodying an intellectual property right, or goods bearing spurious marks, being infringing articles in respect of an intellectual property right. In other words the person manufacturing, producing or making goods, or applying the subject matter of an intellectual property right to them, must in so doing commit an act of copyright infringement, trademark infringement or an act of contravention of Section 15 of the Merchandise Marks Act. In a copyright context this means that reproducing a work within the parameters of an exemption from infringement (for instance reverse engineering a product as permitted in Section 15(3A) of the Copyright Act) will not render the reproduction an item of counterfeit goods even though such reproduction otherwise would in principle be caught up in the definition of counterfeit goods.

The offence of dealing in counterfeit goods entails doing any of the following in relation to counterfeit goods:⁵

- (a) possessing them or having them under control in the course of business for the purpose of dealing in them;

³Section 1 definition of "intellectual property right".

⁴The term "apply to" is defined in Section 1 to mean use upon or in physical or other relation to any goods; it normally includes embody or incorporate in any goods.

⁵Section 2(1).

- (b) manufacturing, making or producing them for a purpose other than for private and domestic use;
- (c) selling, hiring, bartering or exchanging them or offering or exposing them to this end,
- (d) exhibiting them in public for purposes of trade;
- (e) distributing them for purposes of trade or for any other purpose to such an extent that the owner of the intellectual property right embodied in them suffers prejudice;
- (f) importing them into or through South Africa, or exporting them from or through South Africa, except for the private and domestic use of the importer or exporter, respectively.⁶

In addition the doer of the act either must know or must have had reason to suspect that the goods in question were counterfeit goods or must have failed to take all reasonable steps to avoid performing or being engaged in one of the restricted acts with reference to counterfeit goods. In effect the State is required to show *mens rea* in the form of "*culpa*" as an element of the offence.⁷

Apart from what one normally understands by the description "counterfeit goods", the Act encompasses for example the following as counterfeit goods: Pirate records, compact discs and tapes; pirate video tapes; pirate computer programs and computer games; pirate copies of books; goods

⁶The terms "importer" and "exporter" and variations thereof are defined widely in Section 1 as follows:

- "exporter" includes any person who, at the relevant time:
- (a) is the owner or is in control or possession of any goods exported or to be exported from the Republic;
 - (b) carries the risk for any goods so exported or to be so exported;
 - (c) represents that or acts as if he or she is the exporter or owner of any goods so exported or to be so exported;
 - (d) actually takes or attempts to take any goods from the Republic;
 - (e) has a beneficial interest, in any manner or of any nature whatsoever, in any goods so exported or to be so exported;
 - (f) acts on behalf of any person referred to in paragraph (a), (b), (c), (d) or (e) of this definition, and, in relation to imported goods destined for exportation from the Republic, includes the manufacturer, producer, maker, supplier or shipper of those goods or any person inside or outside the Republic representing or acting on behalf on such a manufacturer, producer, maker, supplier or shipper. "Export" and "exportation" will be construed in accordance with the preceding provisions of this definition;

"importer" includes any person who, at the relevant time:

- (a) is the owner or is in control or possession of any goods imported or to be imported into the Republic;
- (b) carries the risk for any goods so imported or to be so imported;
- (c) represents that or acts as if he or she is the importer or owner of any goods so imported or to be so imported;
- (d) actually brings or attempts to bring any goods into the Republic;
- (e) has a beneficial interest, in any manner or of any nature whatsoever, in any goods so imported or to be so imported;
- (f) acts on behalf of any person referred to in paragraph (a), (b), (c), (d) or (e) of this definition, and "import" and "importation" will be construed accordingly.

⁷Section 2(2).

bearing marks which are blatant infringements of registered trademarks; and goods bearing marks prohibited under the Merchandise Marks Act used without authority.

The act of possession of counterfeit goods referred to in paragraph (a) above effectively extends the ambit of Section 27(1) of the Copyright Act (the section dealing with criminal offences under that Act) to include possession of infringing copies. For the rest Section 2(1) of the Counterfeit Goods Act largely reiterates Section 27(1) of the Copyright Act save that it lays down *mens rea* in the form of *culpa*, whereas Section 27 has been interpreted to lay down *mens rea* in the form of *dolus*.⁸

PROCEDURE FOR INITIATING ACTION IN RESPECT OF COUNTERFEIT GOODS

Provision is made for the appointment of "inspectors". These inspectors include any police official as defined in Section 1(1) of the Criminal Procedure Act having the rank of Sergeant or higher, certain Customs and Excise officials⁹ and any person designated as an inspector by the Minister of Trade and Industry in a notice published in the Government Gazette.¹⁰ In other words, the Minister is free to designate whosoever, or whatever categories of persons, he considers fit as inspectors under the Act. These categories of persons could include officials of the Department of Trade and Industries, court messengers and sheriffs, attorneys and even private investigators. Inspectors have wide ranging powers to search for, seize and detain goods suspected to be counterfeit goods.

A person having an interest in protected goods (including the attorney, agent or representative of such a person) whether as the owner¹¹ or licensee of an intellectual property right or as an importer, exporter or distributor of protected goods, has *locus standi* to lodge a complaint in respect of counterfeit goods under the Act.¹² A complainant in respect of counterfeit goods can lay a complaint of dealing in counterfeit goods with an inspector and such a complaint can refer to the activities of an individual or of persons in general or to a multiplicity of acts. The complainant must allege that an act of dealing in counterfeit goods has been, or is being, committed, or is likely to be committed, and such allegation must be based on a reasonable suspicion.¹³ The complainant must furnish information and particulars to the satisfaction of the inspector to the effect that the alleged counterfeit goods are prima facie counterfeit goods and he can do so by showing the inspector a specimen of the genuine protected goods (if they exist) and the counterfeit goods. If it is not reasonably possible to produce a specimen of the counterfeit goods, he can furnish sufficient information and particulars from which the essential physical and other distinctive features, elements and characteristics of the alleged

⁸See S v Nxumalo 1993 (3) SA 456 (O).

⁹The South African Revenue Service in its Division: Customs and Excise, the members of which are the Commissioner and those officials who are "officers" within the contemplations of the definition of "officer" in Section (1)1 of the Customs and Excise Act, 1964 - see Section 15(9).

¹⁰Section 1 definition of "inspector" read together with section 22. The Minister may in terms of the latter section appoint any fit and proper person to be an inspector or he may designate any specified class or category of persons to be inspectors. The Minister must issue a certificate of appointment to each inspector.

¹¹The term "owner" in relation to an intellectual property right is stated in Section 1 to include a person who has the capacity in law to enforce the intellectual property right in his own name. This would include an exclusive licensee under copyright.

¹²Section 3(1).

¹³Section 3(1) read together with Section 6(2).

counterfeit goods may be ascertained. In addition the complainant must furnish sufficient information and particulars as to the subsistence and extent of the relevant intellectual property right and his title to or interest in that right.¹⁴

An inspector who is reasonably satisfied that the person laying the complaint prima facie qualifies as a complainant, that the intellectual property right in question prima facie subsists, and that the goods claimed to be protected goods are prima facie protected goods, is entitled to take various steps if the suspicions of the complainant appear to be reasonable in the circumstances.¹⁵ An inspector who suspects that an act of dealing in counterfeit goods has taken place, is taking place, or is likely to take place, can of his own initiative also take these steps provided the foregoing requirements are met.¹⁶

WARRANTS

Save in certain exceptional circumstances, when a warrant is not necessary, before an inspector can take action in respect of counterfeit goods, he must seek a warrant entitling him to conduct a search and seizure raid.¹⁷ A warrant may be issued by a Magistrate who has jurisdiction where the offence of dealing in counterfeit goods occurs or by a Judge of the High Court in chambers, including a Judge having jurisdiction in an area besides that within which the offence occurs.¹⁸

Before a judicial officer can issue a warrant it must appear to him from information on oath or affirmation that there are reasonable grounds for believing that an act of dealing in counterfeit goods is taking place or is likely to take place. An inspector seeking a warrant may be asked to specify which of the powers vested in him in the Act are likely to be exercised.¹⁹ A warrant may be issued either with reference to one separate suspected act dealing in counterfeit goods, or with reference to any number of such acts, whether any such act involves only one alleged offender or any number of alleged offenders, irrespective of whether such offender or number of offenders is identified specifically by name or by reference to any particular place or circumstances, and any point in time.²⁰ A warrant may be issued on any day of the week and it will remain in force until it has been executed, it is cancelled by a judicial authority, the expiry of three months from the date of issue, or the purpose for which it was issued no longer exists, whichever happens first.²¹

A warrant may be executed only by day unless the person issuing it authorises its execution by night at times which must be reasonable. Entry authorised in terms of a warrant into any place, premises or vehicle specified in the warrant must be conducted with strict regard to decency and order and, in particular, must have regard to a person's right to, and respect and protection for, his dignity,

¹⁴Section 3(2).

¹⁵Section 3(3).

¹⁶Section 3(4).

¹⁷Section 4(2).

¹⁸Section 6(1).

¹⁹Section 6(1).

²⁰Section 6(2).

²¹Section 6(3).

and the right of a person to freedom and security of his person and to his personal privacy.²² When executing a warrant an inspector must before the commencement of the procedure identify himself to the person in control of the place or the like to be entered, if he is present, and must hand him a copy of the warrant; if that person is not present he must affix a copy of the warrant to a prominent spot at the place or the like. Upon request the inspector must furnish the said person with his authority to execute the warrant. He may be requested to produce his certificate of appointment issued by the Minister in terms of Section 22(3).²³

Subject to certain conditions, an inspector may during the day without a warrant enter any place, premises or vehicle, after having identified himself, and exercise those powers of seizure, removal, detention, collecting evidence and search which he has when acting under a warrant (except the power to search any person). This may be done in the following circumstances: (i) when a person who is competent to consent to the entry and search, seizure, removal, detention and the like gives that consent, or (ii) when the inspector on reasonable grounds believes that a warrant would be issued to him if he were to apply for it and the delay which would ensue by first obtaining the warrant would defeat the object or purpose of the entry, search, seizure, removal, detention, collection of evidence and the like. These powers to act without a warrant do not, save where the inspector acts with consent as mentioned above, entitle an inspector to enter and search any private dwelling nor to seize and remove suspected goods or collect evidence at such place.²⁴

Where an inspector acts without a warrant any steps taken by him will cease to have any legal effect unless the complainant or the inspector applies to the court for confirmation of the action taken, either formally or *pendente lite*, within ten days and the court grants such application.²⁵

The constraints, directions and procedures applicable to an inspector acting in terms of a warrant apply *mutatis mutandis* to an inspector acting *mero motu*.²⁶

POWERS AND DUTIES OF INSPECTOR

The primary function of an inspector is to carry out search and seizure raids on suspected counterfeiters and operations concerned with counterfeit goods. He may take action where he has reasonable grounds to suspect that the offence of dealing in counterfeit goods has been, or is being, committed, or is likely to be committed, or to believe that an act of dealing in counterfeit goods has taken, or is taking, place, or is likely to take place. He can make his decision on the grounds of a complaint laid with him or on the strength of any other information at his disposal.

²²Section 6(4).

²³Section 6(5).

²⁴Section 5(2) and (3).

²⁵Section 5(4)(a).

²⁶Section 5(5).

In general an inspector is empowered to enter any place, premises or vehicle in order²⁷ to inspect any relevant goods and to seize any suspected counterfeit goods and may seize and detain such goods and, where applicable, remove them for the purposes of detention. He may also collect or obtain evidence relating to the suspected counterfeit goods or an act of dealing in such goods. He may conduct whatever search (including of a person) may be necessary at the place, premises or vehicle in question in order to give effect to his aforementioned powers. In addition he is entitled to take whatever steps may be reasonably necessary in order to terminate the relevant act of dealing in counterfeit goods.²⁸ These powers may be executed wherever the suspected act of dealing in counterfeit goods takes place or may take place.²⁹

In exercising his powers an inspector must take action at a reasonable time. He may enter or inspect any place, premises or vehicle on, or in, which goods that are reasonably suspected of being counterfeit goods are to be found, or on reasonable grounds, are suspected to be manufactured, produced or made, and he may search such place, premises or vehicle for such goods and for any other evidence of the suspected act of dealing in counterfeit goods. An inspector who is a police official may stop a vehicle, if necessary by force, for purposes of entering, inspecting and searching it wherever it may be found, including on any public road or, at any other public place. In taking steps reasonably necessary to prevent or terminate the unlawful activity at, on or in the place, premises or vehicle in question and to prevent the recurrence of any such act in the future the inspector may exercise the powers discussed in the next following paragraph but he may not destroy or alienate the relevant goods unless authorised by the court in terms of the Act.³⁰

The inspector may seize and detain and where applicable remove all goods found at, on, or in a place, premises or vehicle which he has entered or inspected. He may seal off any place, premises or vehicle where those goods are found or are manufactured, produced or made, either wholly or in part, or where any trademark or prohibited mark or work which is the subject matter of copyright is applied to such goods, or the packaging³¹ of such goods is prepared or is undertaken. The tools³² which may be used in the manufacture, production, making or packaging of goods, or in applying a trademark or prohibited mark to them, may be seized, detained or removed for detention.³³

²⁷The term "vehicle" is defined in Section 1 as "includes any motor car, van, truck, trailer, caravan, cart, barrow, train, aircraft, ship, boat or other vessel, and any other vehicle, craft or means of conveyance of any kind whatsoever, whether self-propelled or not, as well as any pack animal." Section 1(2) provides that, unless clearly inappropriate and reference to any place or premises must be construed also as a reference to any freight container at the place or premises, and to any vehicle also to a freight container on or in the vehicle.

²⁸Section 4(1).

²⁹Section 4(2).

³⁰Section 5(1)(a) and (b).

³¹ "Packaging" in terms of Section 1 means both as a verb and a noun any container, wrapping or outer cover and the contents thereof, or any bundle or single piece in the case of unpacked goods.

³²The term "tools" is defined in Section 1 to include machinery.

³³Section 5(1)(c), (d) and (e).

An inspector who is entitled to enter and search any place, premises or vehicle or person there present may use such force as may reasonably be necessary to overcome any resistance to the entry and search.³⁴ Before entering an inspector must audibly first demand access to the place, premises or vehicle and must notify the purpose of the entry unless on reasonable grounds he is of the opinion that any goods, document, article or item may be destroyed or be lost by taking these steps.³⁵

In undertaking any search for inspection and seizure of suspected counterfeit goods an inspector may be assisted by the complainant or any other knowledgeable person in identifying goods as suspected counterfeit goods.³⁶

Any person at, in or on, a place, premises or vehicle being inspected by an inspector, and who is reasonably suspected by him to be in a position to furnish any information with reference to any act of dealing in counterfeit goods, may be questioned by him and a statement obtained from him. He may also demand and procure from any such person any book, document³⁷, article, item or object which may be relevant to the nature, quantity, location, source or destination of the goods in question, or to the identity and address of anyone involved, or ostensibly involved, as a supplier, manufacturer, producer, maker, distributor, wholesaler, retailer, importer, exporter or forwarding agent, or in some other capacity, in dealing in the goods in question.³⁸ No answer given or statement made by any person interrogated by an inspector will, if self-incriminating, be admissible as evidence against that person in criminal proceedings initiated in any court against him except in proceedings where that person is arraigned for an offence under the Act for giving information or an explanation knowing it to be false or misleading in terms of Section 18(d)(ii) and then only to the extent that such answer or statement is relevant to prove the offence charged.³⁹

Save for his powers of seizure, detention and removal of tools, and of interrogating persons who may furnish information relevant to an act of dealing in counterfeit goods, which are unqualified, the exercise of an inspector's other aforementioned powers is qualified to the extent that any action taken in that regard falls away and is of no force or effect unless the court confirms such steps, either finally or *pendente lite*, on the application of the inspector or the relevant complainant brought within ten court days of the day on which those steps were taken.⁴⁰

When during a search by an inspector a person claims that any goods, document, article or item, present contains privileged information and refuses the inspection or removal thereof, the inspector must act in a circumscribed manner. If he is of the opinion that the goods, document, article or item may be relevant to, and necessary for, the investigation of any complaint or any alleged or suspected act of dealing in counterfeit goods, he must request the Registrar or Deputy Registrar of the

³⁴Section 6(6).

³⁵Section 6(7).

³⁶Section 6(9).

³⁷The term "document" includes in terms of Section 1 a tape recording, a photograph and any electronic or magnetic or other medium on, in, or by means or by way of which, images, sound, data, or information may be shared. "Documentary" must be construed accordingly.

³⁸Section 5(1)(f).

³⁹Section 5(4)(b).

⁴⁰Section 5(4)(a).

High Court having jurisdiction to seize and remove the contentious material for safe custody until the court has made a ruling on the question of whether or not the information in question is privileged.⁴¹

POST RAID PROCEDURE

Once an inspector has undertaken a search and seizure raid he must immediately give written notice of the seizure to the dispossessed person and to the complainant, where the raid has taken place at his request, or to a person entitled to be a complainant, where the raid has taken place on the inspector's own initiative. Such notice must specify the address of the place, termed a "counterfeit goods depot", where the seized goods are located.⁴² "Counterfeit goods depot" is defined in Section 1, read together with section 23, to mean a place designated by the Minister by notice in the Government Gazette for storing suspected counterfeit goods, or if suspected counterfeit goods are not transportable, the place where they are found and attached.⁴³ An inspector may require a complainant to disclose any information which may be relevant to the action that he has taken.⁴⁴

The notice issued to the complainant must notify him of his right to lay a criminal charge against the dispossessed person (referred to as "the suspect") within three days after the date of the notice. Where an inspector acts on his own initiative in conducting a search and seizure raid the notice to a prospective complainant must invite that person to lay a complaint with him and to lay a criminal charge with the South African Police service, such action to be taken not later than three days after the date of the notice.⁴⁵

An inspector who has seized any suspected counterfeit goods must forthwith seal those goods and make an inventory of them, in quadruplicate, which inventory must be certified as correct by the dispossessed person on each original version of that inventory. One original version of the inventory must be furnished to the dispossessed person and another to the complainant, if any, within 72 hours after the seizure. Thereafter the inspector must as soon as possible remove the goods, if transportable, to a counterfeit goods depot for safe storage, or if not capable of being removed or transported, declare the goods to have been seized and secure them at the place where they were found, whereafter that place is deemed to be a counterfeit goods depot.⁴⁶

Any person prejudiced by seizure of goods by an inspector may at any time apply to the court on Notice of Motion for a determination that the seized goods are not counterfeit goods and for an order that they be returned to him. The court may refuse or grant the relief applied for and make such an order as it deems just and appropriate in the circumstances, including an order as to the payment of damages and costs. Where the court refuses an order sought in these circumstances it may direct that the complainant furnishes security to the applicant in respect of these goods in an amount and manner

⁴¹Section 6(8).

⁴²Section 7(1)(d).

⁴³Section 7(1)(c) read with section 1 definition of "counterfeit goods depot". In terms of Section 23 the Minister is empowered to designate any place as a counterfeit goods depot by notice in the Government Gazette and to amend or withdraw that notice. He must appoint a fit and proper person to be in charge of such depot.

⁴⁴Section 7(3).

⁴⁵Section 7(2).

⁴⁶Section 7(1)(a), (b) and (c).

determined by the court. This facility is only available where the inspector has acted pursuant to a complaint.⁴⁷

Any person suffering injury or prejudice caused by the wrongful seizure of goods alleged to be counterfeit goods, or by any action taken by an inspector in effecting the seizure, is entitled to claim compensation. The compensation must be claimed against the complainant and, subject to what follows, not against the inspector, the person in charge of the counterfeit goods depot, or the State.⁴⁸ An inspector, the person in charge of the counterfeit goods depot and/or the State can be liable in respect of such a claim only in the following circumstances:

- (a) if the inspector, or person in charge of the counterfeit depot (or any person acting on the instruction or under the supervision of such person), or any servant of the State has been grossly negligent in the execution of the seizure or removal of the goods or in the detention or storage of them;
- (b) where the person in question has acted in bad faith in performing functions empowered under the Act.⁴⁹

DETENTION AND RELEASE OF SEIZE GOODS

Goods that have been seized by an inspector acting in terms of the Act must be stored and kept in safe custody at a counterfeit goods depot until the person in charge of that depot is ordered by the court to return, release, destroy or otherwise dispose of those goods as specified in that order, or is instructed by the inspector concerned in the matter in the circumstances discussed below to release those goods to the suspect.⁵⁰

If, following upon the seizure of goods, the complainant or a prospective complainant wishes to lay a criminal charge against the suspect with the South African Police service for having committed an act of dealing in counterfeit goods and to request that a criminal investigation into the matter be undertaken, he must do so within three days after the date of the notice given by the inspector reporting on his seizure action. If no charge has been laid by the expiry of the three day period the relevant seized goods must be released to the suspect unless the complainant exercises his right to institute civil proceedings against the suspect in accordance with the procedure discussed below.⁵¹

Where a criminal charge is laid against a suspect, the State must, within ten working days of the inspector's original written notice, inform the suspect by written notice of its intention to institute a criminal prosecution against him for having committed an act of dealing in counterfeit goods. If this notice is not given the seized goods must be returned to the suspect.⁵² If a complainant or a prospective complainant wishes to institute civil proceedings against a suspect he must likewise give written notice, within ten days of the original notice of his intention to do so, and if he fails to do so,

⁴⁷Section 7(4).

⁴⁸Section 17(1).

⁴⁹Section 17(2) and (3).

⁵⁰Section 8(1).

⁵¹Section 9(1).

⁵²Section 9(2)(a)(1).

the seized goods must be returned to the suspect.⁵³ Having given the aforementioned written notice to the suspect, the State, or the prospective plaintiff in civil proceedings, must actually commence the threatened proceedings within ten court days after having given the said written notice. If this notice is not given the seized goods must be returned to the suspect.⁵⁴

The complainant may in writing instruct an inspector to release seized goods to a suspect provided that such an instruction may not be given, and the relevant seized goods may not be released, after a criminal prosecution involving those goods has been instituted against the suspect.⁵⁵

Where counterfeit goods bearing an infringing trademark or a mark which violates a prohibition issued under Section 15 of the Merchandise Marks Act are ordered by the court to be delivered-up to any person, those goods may not be released into the channels of commerce after merely removing the infringing mark, or if imported, may not be exported in an unaltered state, unless the court on good cause shown has ordered otherwise.⁵⁶

Save where seized goods are to be released pursuant to an order of the court, the release must be effected by the inspector who seized the goods. He must do so by giving notice to the person in charge of the counterfeit goods depot where the goods are stored directing that the relevant goods, as specified in the copy of the inventory attached to that notice, be released to the person specified therein. The person in control of the counterfeit goods depot must thereupon release the goods in accordance with the notice on the fourth day after the date of the notice unless the court has ordered otherwise.⁵⁷

Goods which have been seized and are being stored in a counterfeit goods depot are available for inspection by the complainant or prospective complainant, the suspect and any other interested person on any working day during normal office hours.⁵⁸ When a request that the goods be made available for testing or analysis is made, the person in charge of the counterfeit goods depot must comply if, having taken account of (i) the nature of the seized goods, (ii) the nature of the tests or analyses to be conducted, and (iii) the competence and suitability of the person by whom the tests or analysis are to be conducted, he is satisfied that the request is reasonable. In the event that the person in charge of the counterfeit goods depot is not willing to comply with such a request, he must refer the matter to the complainant or prospective complainant who must either confirm or reverse that decision within forty-eight hours. If the complainant confirms the decision he must convey his decision in writing to the suspect and the suspect may thereupon apply to the court for an order rescinding that decision and allowing those goods to be made available as requested. The court must grant such an application if it finds the decision to refuse the analysis for testing of the goods to be unreasonable in the circumstances.⁵⁹

⁵³Section 9(2)(a)(ii).

⁵⁴Section 9(2)(b).

⁵⁵Section 9(2)(b).

⁵⁶Section 10(2).

⁵⁷Section 9(3).

⁵⁸Section 8(2).

⁵⁹Section 8(3), (4) and (5).

ORDERS THAT MAY BE ISSUED BY COURT

The court is given powers to issue certain specific orders in relation to counterfeit goods and matters ancillary thereto. The court has the power to order the release of seized goods at any time.⁶⁰ It may order that goods found to be counterfeit goods, be delivered up to the owner of the relevant intellectual property right or to a complainant deriving title from such owner, irrespective of the outcome of the proceedings. It may also order that the goods be released to any specified person. The complainant may be ordered to pay damages in an amount determined by the courts and costs to the dispossessed person. The accused or the defendant may be ordered to disclose the source from which counterfeit goods have been obtained as well as the identity of the persons involved, or ostensibly involved, in the importation, exportation, manufacture, production or distribution, of the counterfeit goods, and the channels of distribution of those goods.⁶¹

A court convicting a person of an offence of dealing in counterfeit goods may order the destruction of counterfeit goods and their packaging and, where applicable, any tools used by the convicted person for the manufacture, production or making of those or any other counterfeit goods, or for the unlawful application to goods of the subject matter of any intellectual property right. Alternatively, the court may declare the counterfeit goods in question to be forfeited to the State.⁶²

EVIDENCE AND PRESUMPTIONS

There are certain special provisions regarding matters of evidence in proceedings brought under the Act and presumptions which facilitate the proof of various essential factual issues.

While an inspector will generally play a limited role in litigation in respect of counterfeit goods, he may be called as a witness by any party to any proceedings, or by the court, when his conduct, the manner of the exercise of his powers or functions, or the nature of the circumstances or activities in relation to which he has exercised his powers, is in issue.⁶³ Where a statement is taken or other documentary evidence is procured by an inspector in the course of carrying out his duties, upon request by a complainant, that statement or evidence may be made available to him and he may make and retain copies of it but must return the originals to the inspector.⁶⁴

A statement in the prescribed form, made under oath or affirmation by an inspector, to the effect that the goods specified in an annexed inventory are goods seized by him from a specified person at a specified place and on a specified date is admissible in evidence and is sufficient proof of the facts stated therein provided, the inventory has been prepared by the inspector and has been certified by him to be correct. Nevertheless, the court may at its discretion order that the inspector making the statement be directed or subpoenaed to appear before the court to give oral evidence concerning any matter dealt with in the statement.⁶⁵

⁶⁰Section 9(2)(d).

⁶¹Section 10(1).

⁶²Section 20(1).

⁶³Section 16(2).

⁶⁴Section 16(1).

⁶⁵Section 16(4).

The subsistence of an intellectual property right and proof of title to it can be proved in proceedings under the Act as follows:

- (a) In the case of a registered trademark a certified extract from the Register of Trade Marks can be adduced in accordance with the provisions of Sections 49, 50 and 51 of the Trade Marks Act, 1993.
- (b) In the case of copyright in a work the relevant facts can be adduced by way of affidavit in accordance with the provisions of Section 26(12) of the Copyright Act, 1978, which apply *mutatis mutandis*. The mere production of such affidavit in those proceedings will be prima facie proof of the facts stated therein.
- (c) In the case of a prohibited mark under Section 15 of the Merchandise Marks Act, 1941, evidence may be adduced by producing to the court a copy of the Government Gazette in which the prohibition on the use of the mark was published accompanied by a statement made under oath or affirmation by the Minister of Trade and Industries or any official of that department designated by the Minister, to the effect that the notice has not been withdrawn or amended in its essence.

Notwithstanding the foregoing provisions, the court may require oral evidence to be given in relation to any such facts or, in the case of a High Court, may order that the evidence of a person who resides, or is for the time being, outside the area of jurisdiction of the court be taken by means of interrogatories.⁶⁶

In order to facilitate proof of the issue, any person who conducts business in protected goods relative to a particular intellectual property right and who is found in possession of suspected relevant counterfeit goods, is presumed, until the contrary is proved, to have been in possession of such goods for the purposes of dealing therein. This provision is subject to the proviso that the quantity of those goods must be greater than that which may be reasonably required for the suspect's private and domestic use. This presumption applies to both criminal and civil proceedings but in regard to criminal proceedings it is specifically provided that the presumption will only be rebutted if credible evidence in rebuttal is tendered.⁶⁷

Where a person has been convicted of a criminal offence for dealing in counterfeit goods and civil proceedings are subsequently instituted on the same set of facts, the plaintiff may lead evidence concerning the conviction for the criminal offence.⁶⁸

OFFENCES AND PENALTIES

The Act creates various subordinate offences in addition to the principal offence. More particularly, it is an offence to fail to comply with any request, directive, demand or order made or given by an inspector in carrying out his functions under the Act or to obstruct or hinder him in carrying out his functions.⁶⁹ It is also an offence for a person to refuse or fail to give information or an explanation relating to a matter within his knowledge, or to furnish information or an explanation

⁶⁶Section 16(5).

⁶⁷Section 16(6).

⁶⁸Section 16(3).

⁶⁹Section 18(a) and (b).

in the knowledge that it is false or misleading, when asked by an inspector to do so.⁷⁰ Any person who without authority breaks, damages or tampers with a seal applied by an inspector, or who removes goods, documents, articles, items, objects or things sealed-off or sealed by an inspector or detained or stored at a counterfeit depot, commits an offence.⁷¹

In imposing penalties upon conviction for an offence of dealing in counterfeit goods, the court must take account of any risks to human or animal life, health, safety or danger to property that the presence, or the use of the counterfeit goods may cause.⁷²

A person convicted of the offence of dealing in counterfeit goods is liable, in the case of a first conviction, to a maximum fine of R 5000.00 or to imprisonment for a period of up to 3 years, or to both such fine and such imprisonment, for each article to which the offence relates. In the case of a subsequent offence the maximum fine increases to R 10 000.00 and the maximum period of imprisonment increases to a period not exceeding 5 years.⁷³ A person convicted of a subordinate offence is liable to a fine of up to R 1000.00 or to imprisonment for a period of up to 6 months.⁷⁴

The amounts of the aforementioned penalties may be increased by the Minister of Trade and Industries by notice in the Government Gazette. Such notice must be tabled in the House of Assembly for its consideration and approval within 14 days of publication, or if it is not in session, within 14 days of the commencement of the next session.⁷⁵

A court convicting a person of an offence of dealing in counterfeit goods may take the following into account in mitigation of sentence: The fact that such person fully, truthfully and to the best of his or her ability disclosed to an inspector acting against him in carrying out a search and seizure action, or to a member of the South African Police service investigating the offence in question, all information and particulars available to that person in relation to (i) the source from which the relevant counterfeit goods were obtained, (ii) the identity of the persons involved in the importation, exportation, manufacture, production or making thereof, (iii) the identity and, if reasonably demanded, the addresses or whereabouts of the persons involved in the distribution of those goods, and/or (iv) the channels of distribution of those goods.⁷⁶

In addition to the conventional penalties, the Act makes provision for an unusual system of rewarding persons who have purchased counterfeit goods and who assist in a conviction being obtained against the seller of the goods. Any person who purchased and paid for counterfeit goods (referred to as an "aggrieved person") can submit the counterfeit goods purchased by him, together with proof of the price paid, to an inspector and, provided he co-operates fully in the prosecution of the seller, the court is obliged to issue an order making a monetary award in his favour (i) upon the seller's conviction for the offence of dealing in those particular counterfeit goods, or (ii) the making of an order that such goods be delivered up to the owner of the intellectual property right or to a

⁷⁰Section 18(d).

⁷¹Section 18(c).

⁷²Section 19(3)(a).

⁷³Section 19(1).

⁷⁴Section 19(2).

⁷⁵Section 19(4).

⁷⁶Section 19(3)(b).

complainant deriving title from him. This reward consists of a sum of money three times the amount of the price paid by him for the counterfeit goods. The payment of the reward must be made by the seller to the aggrieved person and it is in addition to any conventional fine imposed on him by the court.⁷⁷ The foregoing applies *mutatis mutandis* to any transactions other than sale and purchase of counterfeit goods where counterfeit goods are given to an aggrieved person in consideration for value.⁷⁸

This reward system in effect can make "bounty hunters" out of members of the public and it can be a very effective anti-counterfeiting measure. Ample incentive is provided to members of the public to seek out and purchase counterfeit goods and then to collaborate with the police or inspectors to secure a conviction for dealing in counterfeit goods and obtain a generous reward. It should be a considerable disincentive to a dealer in counterfeit goods to know that he might in due course have to pay to each purchaser of goods three times the amount of the purchase price in addition to any other penalties which may be imposed upon him if he is convicted of an offence.

CIVIL REMEDIES

Statutory "Anton Piller" Order

Apart from creating the offence of dealing in counterfeit goods and providing for effective search and seizure proceedings for the purpose of criminal prosecutions, the Act also has provisions relating to civil proceedings. An extraordinary procedural remedy is available in proceedings for the infringement of an intellectual property right which amounts to a statutory procedure for obtaining what is in effect a so called "Anton Piller" order, i.e. a civil law procedure for search and seizure of evidence and other items.⁷⁹

The owner of an intellectual property right who is aware or has reasonable grounds to believe that an act of dealing in counterfeit goods has taken place, is taking place, or is about to take place, may apply *ex parte* to a Judge in chambers for an order:

- (a) directing the sheriff or another person designated by the court (referred to as a "designated person"), accompanied by such other persons as the court may specify, to enter a specified place or premises and there (i) such premises search for and seize documents, (ii) remove records or other materials specified by the court and specified goods alleged to be counterfeit goods (referred to as "subject goods") and (iii) attach such materials and goods;

⁷⁷Section 20(2).

⁷⁸Section 20(3).

⁷⁹Shoba v Officer Commanding, Temporary Police Camp, Wangendrift Dans & Another; Maphanga v Officer Commanding, South African Murder and Robbery Unit, Pietermaritzburg & Other 1995 (4) SA 1 (A). In this case the history of the development of the Anton Piller Order is concisely set out. The judgment in fact deals with two separate cases, one of which, the Shoba case, was unsuccessful and the other, the Maphanga case, was successful and gave the court the opportunity of settling the law on Anton Piller orders.

- (b) directing the respondent to point out to the sheriff or designated person executing the order all subject goods and to disclose and make available to him all documents and materials relevant to the determination of whether the goods in question are counterfeit goods or to any dealings in such goods (referred to as "ancillary materials") at the place or premises or elsewhere , and permitting the person executing the order to attach such items and to remove them for detention in safe custody;
- (c) restraining the respondent from interfering with the state of the subject goods or ancillary materials during the search, seizure, attachment or removal and carrying out or continuing with the relevant act of dealing in counterfeit goods;
- (d) granting any further or alternative relief which the court considers appropriate.⁸⁰

This statutory version of an Anton Piller order is additional to any other remedy which the applicant may have at his disposal, for instance the common law Anton Piller order.⁸¹

Before a court grants the order it must be satisfied (i) that the applicant has a prima facie claim against the respondent for the infringement of an intellectual property right, and (ii) that, whether on account of the nature of the goods with which the application is concerned, or other circumstances, the applicant's right to discovery of documents in proceedings to be instituted is likely to be frustrated, or the goods in issue in such proceedings, or evidence pertaining to dealings in such goods, are likely to be altered or destroyed, disposed of or otherwise placed beyond the access of the applicant if the normal court procedure is implemented or followed.⁸²

The court hearing such an application has a general discretion to refuse it, grant it subject to such terms and conditions as it considers appropriate, or to make any other appropriate order.⁸³ Without derogating from these general powers, the court may order the following:

- (a) the sheriff or designated person is authorised to rely on the assistance of specified knowledgeable persons in identifying the subject goods and the ancillary material.⁸⁴
- (b) the applicant must furnish security to the respondent in an appropriate amount equal to a specified percentage of the value of goods attached;⁸⁵
- (c) the respondent is restrained *pendente lite* from infringing the applicant's intellectual property right;⁸⁶

⁸⁰Section 11(1).

⁸¹Section 21.

⁸²Section 11(3).

⁸³Section 11(4).

⁸⁴Section 11(5)(a).

⁸⁵Section 11(5)(b).

⁸⁶Section 11(5)(c).

- (d) issue a rule *nisi* calling upon the respondent to show cause on a specified day within 20 court days of the granting of the order why an interdict restraining the respondent from the infringing of the applicant's intellectual property right and further relief, including delivery up of the subject goods to the applicant, should not be granted or confirmed;⁸⁷
- (e) should he wish to pursue the matter further, the applicant must institute an action against the respondent based on the infringement of his intellectual property right not later than the date specified in the order,⁸⁸ or if no such date is specified, within 20 court days of the date of such order.⁸⁹

If the applicant does not timeously institute proceedings against the respondent for the infringement of his intellectual property right or if his claim is ultimately dismissed by the court, the court may on the application of the respondent or some other interested person claiming entitlement to the seized materials, order that such materials be released to such person.⁹⁰

An application for this statutory Anton Piller order should be heard *in camera* unless the court is satisfied that the attendance of the proceedings by members of the public, or any class or group of such members, will not cause the applicant to suffer any prejudice, or to be prejudiced, when seeking to protect or enforce his intellectual property right, and that such attendance will not impair or detract from the efficacy of the order or its execution should it be granted.⁹¹

When the statutory Anton Piller order is executed the respondent is entitled to have his attorney present during the search and further execution of the order if the attorney can be present with due speed after the Sheriff or designated person has arrived at the place of execution of the order in order to proceed with the execution. For the purpose of conducting the search the sheriff or designated person must be accompanied by the applicant's attorney who, after service of the court papers, must explain the terms of the order to the respondent or the person upon whom service takes place at the premises to be searched, and he must inform him as to the respondent's right to have his attorney present provided his presence can be secured with due speed.⁹²

The Sheriff or designated person conducting the search must prepare an inventory of the subject goods and ancillary materials attached by him on the authority of the order and must furnish a copy of the inventory to the applicant and to the respondent. He must allow the parties to peruse the ancillary materials that have been attached and to make copies thereof or excerpts therefrom. He must also allow the parties to inspect the subject goods and to have those goods tested or analysed.⁹³

⁸⁷Section 11(5)(d).

⁸⁸Section 11(5)(e).

⁸⁹Section 11(6).

⁹⁰Section 14.

⁹¹Section 11(2).

⁹²Section 12(1) and (2).

⁹³Section 12(3).

After the completion of the search the applicant's attorney must without delay make a statement under oath or affirmation reporting fully on the conduct of the search and on any other steps taken by him in connection with the search with a view to complying with the terms of the order and the requirements discussed above. Where any subject goods or other materials have been attached in terms of an order he must annex a copy of the inventory prepared in relation to those materials to his statement and he must file the original of the statement together with its annexure at the office of the Registrar of the Court and must serve a certified copy thereof on the respondent.⁹⁴

In the event that the infringement proceedings to which the statutory Anton Piller procedure gives rise are not successful the court may order the applicant to pay appropriate compensation to the respondent for any injury or prejudice caused to or suffered by him as a result of the measures taken in terms of the procedure.⁹⁵

Common Law "Anton Piller" Order

The question which arises from a consideration of the statutory Anton Piller order is to what extent, and in what manner, it differs from the common law Anton Piller order. The position of the common law Anton Piller order (which has had a long and tortuous history) has finally been settled in the Shoba case.⁹⁶ In this case the Appellate Division approved an Anton Piller order having the following elements:

- (a) An applicant must show the following:
 - (i) that he has a cause of action against the respondent which he intends to pursue.
 - (ii) that the respondent has in his possession specific (and specified) documents or things which constitute vital evidence in substantiation of the applicant's cause of action.
 - (iii) that there is a real and well founded apprehension that this evidence may be hidden or destroyed or in some manner spirited away by the time that the matter comes to trial or to the stage of discovery.
- (b) The availability of the procedure is not confined to intellectual property cases.
- (c) The court may dispense with the provisions of the normal rules of court and the application may be brought without notice to the respondents and be heard *in camera*.

⁹⁴Section 12(4).

⁹⁵Section 13.

⁹⁶Shoba v. Officer Commanding, Temporary Police Camp, Wagendrift Dam & Another; Maphangu v Officer Commanding, South African Police Murder and Robbery Unit, Pietermaritzburg & Others (*supra*). See n° 79 above.

- (d) The court has a discretion whether or not to grant the remedy, and if so, on what terms. In exercising this discretion the court will pay regard, *inter alia*, to the cogency of the prima facie case established by the applicant, the potential harm that will be suffered by the respondent if the remedy is granted as compared with, or balanced against, the potential harm to the applicant if the remedy is withheld, and whether the terms of the order sought are no more onerous than is necessary to protect the interests of the applicant.
- (e) The order relates merely to procedural relief, i.e. the preservation of evidence, to be used for ultimately securing the substantive relief.
- (f) Any interested party must be given leave to apply to the court, on not less than 24 hours written notice, for the variation or setting aside of the order or for any other appropriate relief and can file such affidavits as may be necessary in connection therewith.
- (g) The order must be executed only in the presence of the Deputy Sheriff and he can be accompanied by the applicant's attorney.
- (h) The Deputy Sheriff must prepare a detailed inventory of the items and materials found on the premises and he must provide the applicant's attorney and the respondent with a copy of this inventory.
- (i) The applicant's attorney must file with the court an affidavit setting forth the manner in which the order was executed, the portion of the premises inspected and the observations made by him in the course of such inspection. A copy of this affidavit, together with the documents filed in the proceedings and the court's order, must be served on the respondent.
- (j) The cost of the application can be reserved for decision in the pending proceedings to which it is a prelude. If such proceedings are not instituted within three weeks of the date of the order, the applicant is required to pay the costs of the application.

The court was at pains to state that it was not prescribing a model order and that it was not suggesting that the procedure approved could not be improved upon. However, it is submitted that the order granted in this case at least lays down the minimum requirements for the granting of future orders. The order did not include an interim interdict or a rule *nisi* operating, as an interdict. It merely related to procedural relief. That is not to say, however, that in appropriate circumstances the court will not grant an interim interdict, or a rule *nisi* operating as an interim interdict, along with an Anton Piller order in the future. The interdict order will, however, be supplementary to the Anton Piller order and not part of the order itself in the strict sense.

Comparison of Statutory and Common Law "Anton Piller" Orders

It will be apparent from a comparison of the elements of the statutory Anton Piller order and the common law Anton Piller order that they have much in common. There are, however, the following differences:

- (a) In contrast to the statutory Anton Piller order, the common law order, as approved, does not restrain the respondent from interfering with the state of the materials seized and from continuing to carry out the relevant offending acts.

- (b) The statutory order allows for someone else (i.e. a "designated person") besides the Sheriff or Deputy Sheriff to execute the order and for that person to rely on the assistance of a specified knowledgeable person in identifying the goods to be seized. The common law order as approved does not make provision for this although it is submitted that in appropriate circumstances a similar measure may be ordered by the court in granting a common law order.
- (c) The statutory procedure requires the applicant to furnish security to the respondent and no such provision was included in the approved common law order although it is conceivable that circumstances requiring such a provision may occur in the future.
- (d) As previously mentioned, unlike the statutory order, which makes provision for an interdict or a rule *nisi* granting or confirming an interim interdict, the common law order as such does not include such a provision.
- (e) There is a slightly longer period laid down for an applicant to pursue his claim against the respondent in the statutory order (20 court days) than in the common law order as approved (3 weeks).
- (f) In the statutory version of the order the applicant is obliged to inform the person on whom the order is executed of the respondent's right to have his attorney present while no such requirement is laid down in the approved common law order.
- (g) The statutory version requires the Sheriff to allow the parties to peruse the items which have been attached and to make copies thereof and excerpts therefrom, and to have them tested or analysed. No such direction was given in the approved common law version.
- (h) The availability of the statutory Anton Piller order is confined to intellectual property matters (as defined in the Act) while no such limitation applies to the common law version.

There is not much to choose between the two forms of the order but it is submitted that on the whole the statutory version is more advantageous to an intellectual property owner because of its enshrinement of the principle of the availability of an interim interdict to restrain the respondent from continuing with the conduct complained of. On the strength of the Shoba case an intellectual property owner cannot necessarily assume that he will be entitled to obtain an interim interdict as a supplement to the Anton Piller order.

IMPORTATION OF COUNTERFEIT GOODS

A facility is granted to the owner of an intellectual property right to enter into an arrangement with the Commissioner for Customs and Excise in terms of which the Commissioner must restrict the importation of goods which, in respect of the intellectual property right in question, are counterfeit goods. The customs authorities contemplated by the Counterfeit Goods Act are the South African Revenue Service in its division: Customs and Excise, the members of which are the Commissioner and those officials who are "officers" within the contemplation of the definition of "officer" in Section 1(1) of the Customs and Excise Act, 1964.⁹⁷

⁹⁷Section 15(9).

In order to avail himself of this facility, the owner of an intellectual property right may apply to the Commissioner of Customs and Excise to request him to seize and detain all goods which are counterfeit goods in respect of the relevant intellectual property right and which are imported into, or enter, the country during the period specified in the application. This period may not, however, extend beyond the duration of the term of protection of the intellectual property right.⁹⁸

The Commissioner must deal with the application without delay and must grant it if on reasonable grounds he is satisfied that the application relates to prima facie protected goods, the relevant intellectual property right subsists, and the applicant is prima facie the owner of that intellectual property right.⁹⁹ The applicant may furnish the Commissioner with a specimen of the protected goods in respect of his intellectual property right and sufficient information and particulars as to the subsistence of that intellectual property right and as to his title thereto in order to satisfy him that the requirements for granting the application are satisfied.¹⁰⁰

After considering the application, the Commissioner must by written notice given within a reasonable time after his decision on the application notify the applicant whether the applicant has been granted or refused. If the application is granted the written notice must state the period during which the targeted counterfeit goods (referred to as "the stipulated goods") being imported into or entering the country will be made subject to seizure and detention. If the Commissioner refuses the application he must state his reasons for the refusal.¹⁰¹

When an application to the Commissioner has been granted, all goods that are stipulated goods, or are suspected on reasonable grounds to be stipulated goods, imported into or entering the country during the period specified by the Commissioner (which may be a shorter period than the period of protection sought by the applicant) may be seized and detained by the customs authorities in performing their functions under the Customs and Excise Act, 1964, as varied by the Counterfeit Goods Act.¹⁰² In general terms, in carrying out their functions, customs authorities will act *mutatis mutandis* as though they are inspectors exercising their powers on their own initiative in terms of Section 3(4), read with Section 4(1), of the Counterfeit Goods Act. This means that requirements and procedures regarding an inspector obtaining a warrant do not apply to the customs authority and they can act without any such warrant. Those provisions in terms of which any power, right, function, duty, obligation, exemption, indemnity or liability is conferred or imposed on an inspector apply to the Customs authorities in this context. The Minister can, however, at the request of the Minister of Finance, acting on the recommendation of the Commissioner of Customs and Excise, by notice in the Gazette, exempt members of the customs authorities from any of the provisions of the Counterfeit Goods Act if he is satisfied that there are suitable and appropriate alternative arrangements in terms of the Customs and Excise Act which enable officials to act as contemplated in the Counterfeit Goods Act.¹⁰³

⁹⁸Section 15(1).

⁹⁹Section 15(3).

¹⁰⁰Section 15(2).

¹⁰¹Section 15(5).

¹⁰²Section 15(4).

¹⁰³Section 15(6).

In approving an application, the Commissioner may require an applicant to furnish security in a manner and amount specified by him in order to indemnify the customs authorities against any liability that may be incurred pursuant to the seizure and detention of goods or anything done by them in relation to goods when acting or purporting to act under their powers conferred by the Counterfeit Goods Act. Such security may also cover any expenses which may be incurred or anticipated in effecting the seizure and detention of goods. In the absence of appropriate security being given the customs authorities can decline to seize or detain any suspected counterfeit goods.¹⁰⁴

The customs authorities are not liable under the Act for any failure to protect or seize suspected counterfeit goods, for the inadvertent release of any such goods, or for any action taken in good faith in respect of such goods.¹⁰⁵

MINISTER'S POWERS TO MAKE REGULATIONS

The Minister has a general power to make regulations in relation to any matter which may or must be prescribed in terms of the Act and in relation to any other administrative or procedural matters that may be necessary or expedient for the proper and effective administration of the Act. More specifically, he is entitled to make regulations (i) prescribing any inventory to be prepared or made in terms of the Act, (ii) for the proper and effective control, management and administration of the counterfeit goods depot and the proper care of the goods detained therein, and (iii) in relation to the manner or form in which any application besides a court application is to be made in terms of the Act; he may prescribe forms for that purpose.¹⁰⁶

MISCELLANEOUS PROVISIONS

Subject to the Constitution of the Republic of South Africa, 1996, and the Criminal Procedure Act, 1977, the provisions of the Act do not detract from a person's civil or criminal liability under any other law dealing with infringement of any intellectual property right and from the capacity or competence to institute civil or criminal proceedings in respect of such infringement under any law.¹⁰⁷

The Act is binding on the State.¹⁰⁸

CONCLUSION

The Counterfeit Goods Act is supplementary to existing remedies available to copyright and other intellectual property right owners for protecting and enforcing their rights. As previously mentioned, nothing in the Act affects or detracts from any civil or criminal remedy or procedure available to the owner of an intellectual property right. Accordingly, a copyright owner can still rely on the criminal provisions of the Copyright Act and the common law criminal offences such as fraud and theft continue to apply in tandem with the counterfeiting remedies. With regard to civil law copyright infringement, the Counterfeit Goods Act provides the additional facility of the statutory Anton Piller procedure to supplement the common law procedural remedy.

¹⁰⁴Section 15(7).

¹⁰⁵Section 15(8).

¹⁰⁶Section 24.

¹⁰⁷Section 21.

¹⁰⁸Section 25.

With its streamlined procedure for enabling law enforcement authorities to seize and detain goods and instigate criminal prosecutions in respect of counterfeit goods, the Act is a useful and practical addition to the armoury of the copyright owner who suffers from the unwelcome attention of counterfeiters.

The basic approach of the Act is to impose a relatively low threshold for the availability of relief (and thus to facilitate taking prompt and effective action to curtail dealing in counterfeit goods with a minimum of formalities) and to reduce as far as possible the potential liability of the police or other inspectors in seizing counterfeit goods; the risk of action being taken against police and other inspectors for unjustified seizure and detention of goods is thus reduced. On the other hand, responsibility for the action of seizing and detaining goods is placed squarely at the door of the complainant. If action is taken without justification, or the position of a dispossessed person is unduly prejudiced, responsibility and liability accrue to the complainant. Be it on his head if he acts in an unjustified, improper or reckless manner in causing the seizure and detention of alleged counterfeit goods. This approach ought to go some way towards dispelling the reluctance of the police to take effective action in intellectual property matters due to their unwillingness to expose themselves to possible damage claims, and at the same time inhibit intellectual property rights holders from acting irresponsibly in enforcing their rights or perceived rights.

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